



FOR IMMEDIATE RELEASE

April 20, 2009

## **MAYOR JERRY SANDERS FACT SHEET**

### **LABOR AGREEMENTS NET MAJOR LONG-TERM SAVINGS FOR TAXPAYERS**

Mayor Jerry Sanders today announced that the new agreements with San Diego's five labor unions will result in hundreds of millions of dollars saved over the long term by reducing the city's unfunded retirement obligations.

"These new labor agreements do much more than plug a hole in next year's budget," Sanders said. "With all five of these labor agreements put in place, the savings will continue well into the future by reducing the city's pension payments year after year — addressing a growing cost that threatened to undermine San Diego's financial stability."

Last week, Sanders reached two-year agreements with the International Association of Firefighters Local 145, the Municipal Employee's Association and the Deputy City Attorneys Association. The Council voted unanimously to impose one-year contracts on two other unions — the Police Officers Association and American Federation of State, County, and Municipal Employees Local 127 — after no agreement could be reached with those unions.

The new agreements cut overall compensation for employees by 6 percent through measures such as decreasing the city-paid portion of employee health care, retirement and other employment benefits, fewer paid holidays, mandatory furloughs, and elimination of the employer match for the supplemental pension program. Each bargaining unit reached the 6 percent target through a different combination of these measures. The compensation cuts also will apply to management and unrepresented city employees, including the mayor and his staff.

The compensation cuts will achieve total cost savings in fiscal 2010 of \$43 million – \$32 million of it in the city's General Fund. The proposed reductions in retirement benefits will also yield millions of dollars in long-term savings to taxpayers by reducing the city's pension and retiree health care obligations.

By not increasing salaries, the new agreements reduce the yearly required payment to the city's pension system by \$12 million the first year and by \$24 million during the second year of the agreement. This concession also reduces the pension system's unfunded liability by \$100 million in year one, and by \$200 million the second year.

By freezing retiree health care benefits at the current level, the agreements reduce the unfunded liability of the retiree health care fund by \$350 million.

"Members of the San Diego City Council are getting lots of praise for seeking employee concessions, and they deserve every bit of that praise," Sanders said. "They put the interests of taxpayers first by preserving city services and protecting employee jobs."

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